

Exhibit C



U.S. Department
of Transportation
**Federal Highway
Administration**

Office of the Administrator

1200 New Jersey Ave., SE
Washington, D.C. 20590

October 24, 2019

Mr. Ron Epstein
Executive Deputy Commissioner/CFO
New York State Department of Transportation
50 Wolf Road
Albany, NY 12232

Dear Mr. Epstein:

Thank you for submitting an Expression of Interest (EoI) to the Federal Highway Administration (FHWA) on behalf of the New York City Department of Transportation, the Triborough Bridge and Tunnel Authority and your department, requesting authority within the Value Pricing Pilot Program (VPPP) to toll motor vehicles within New York City, south of 60th Street, on existing roadways. This letter responds to your EoI and outlines further information that is required. This letter does not constitute an approval or a denial, rather it simply requests additional information that will be necessary as FHWA contemplates future actions.

As you are aware, the VPPP is intended to demonstrate whether and to what extent roadway congestion may be reduced through application of congestion pricing strategies, and the magnitude of the impact of such strategies on driver behavior, traffic volumes, transit ridership, air quality and availability of funds for transportation programs. In fact, of the multiple VPPP projects that have been implemented, FHWA has found that congestion pricing can be very effective for reducing traffic, improving roadway capacity, and providing reliable trips for automobiles as well as commercial vehicles and transit vehicles.

The FHWA has reviewed your EoI to consider the tolling and pricing concepts. Under the various programs in Federal law that allow tolling of existing infrastructure, the VPPP appears to be the best potential fit, provided the overall purpose of variable tolling remains to reduce roadway traffic congestion. While the EoI indicates that a variable pricing structure will be implemented to help mitigate congestion, it does not sufficiently express the degree to which the proposed tolling framework would reduce roadway traffic congestion and on which facilities. Further, many of the implementation and operational details are still in early stages of development, including the various impacts associated with traffic diversion.

For FHWA to conduct a thorough assessment, the Agency requests the findings of a thorough traffic and revenue study to include the following, among other pertinent facts, impacts, and options:

- A. Estimated reduction in traffic volumes and congestion levels for various types of system users, including commercial vehicles and transit vehicles;

- B. How tolling charges will be varied in the variable priced system, and if and how adjustments to the toll pricing schedule will be considered and approved;
- C. Anticipated effects on driver behavior, especially as impacted by congestion charge exemptions that may be granted, as well as impacts on low-income drivers and relevant mitigation measures under consideration;
- D. Proposed use of revenues generated by the project, especially for operating and maintaining the roadway facilities that will be tolled;
- E. Potential impact on transit ridership and plans to sustain the area's transit operations, infrastructure, and rolling stock in a state-of-good-repair;
- F. Intended use of Federal-aid highway program funds to implement the project, if applicable and if so, procurement and sourcing plans, including plans to maximize domestic content; and,
- G. Considerations of the ITS Regional Architecture, systems engineering, and electronic tolling interoperability.

The FHWA anticipates that much of this information will be further developed and supported by analysis done for the traffic and revenue study and during the environmental review process.

In addition, the proposed project is an area-wide congestion pricing system, which is unprecedented in the VPPP and such type system has not yet been implemented in the U.S. Therefore, FHWA must consider the precedents set by this project. One such consideration is that the VPPP requires maintenance of the infrastructure that is subject to the tolling allowed by the program. However, per our interpretation of the state law that initiates this project, toll revenues must be used almost exclusively for improving transit systems. The FHWA therefore requests further information regarding the planned use of revenues and a certification that the highway and street infrastructure and traffic control devices within the proposed pricing area will be maintained adequately, as is required in other VPPP projects.

If the Central Business District Tolling Project proceeds to the implementation stage, a toll agreement between FHWA, your agency, and the other project partners would need to be developed and signed to secure Federal tolling authority under the VPPP. Upon execution of the toll agreement with FHWA, New York State DOT (NYSDOT) and your partners could then implement the project and collect and use the toll revenues consistent with the legal requirements outlined in Title 23, United States Code.

The FHWA recognizes that NYSDOT and its partners seek an expedited deployment schedule. We will review your information as expeditiously as possible following your submittals, but we cannot guarantee that our determinations will meet your desired start date, especially considering the complexity and new constructs of cordon pricing that the VPPP has not previously authorized elsewhere.

Further information on the VPPP is available on FHWA's Tolling and Pricing Opportunities Website: http://www.ops.fhwa.dot.gov/tolling_pricing/index.htm. As with all VPPP proposals, the Department stands ready to provide technical assistance as requested. If you have any

specific questions or require additional information related to the Federal interests or requirements associated with tolling authority under the VPPP or a toll agreement, please feel free to contact the FHWA Division Administrator for the New York Division Office, Mr. Rick Marquis, at 518-431-8897.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Nicole R. Nason', with a long horizontal flourish extending to the right.

Nicole R. Nason
Administrator

cc:

Marie Therese Dominguez, Commissioner, NYSDOT

Polly Trottenberg, Commissioner, NYCDOT

Patrick Foye, Chairman and CEO, Metropolitan Transportation Authority

Allison L. C. de Cerreno, Senior V.P., Business Operations & Transformation Officer,
Triborough Bridge and Tunnel Authority

William Carry, Senior Director for Special Projects, NYCDOT